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Tobacco farmers would get agriculture development money

By Ryan Alessi
FRANKFORT BUREAU

FRANKFORT — The House budget committee unanimously approved a plan today that would use the state's Agriculture Development Board funds to pay \$114 million to tobacco farmers who were supposed to get that money from tobacco companies last December.

About 163,000 Kentucky tobacco farmers are eligible for the money, as stipulated by the landmark 1997 lawsuit settlement that compensates states for smoking-related health costs.

But the companies refused to pay the growers after Congress approved a federal tobacco buyout program last fall, pointing to fine print in the settlement agreement that they argue lets them off the hook.

The bill, which next goes to the House floor, would take \$16 million from the Agriculture Development Board and another \$11 million after April 15 when tobacco companies make their next payment to the board.



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The board would then have to take out another \$86.6 million in bonds to cover the rest.

Gov. Ernie Fletcher and many in the farming community, however, oppose using the Agriculture Development Board money, which usually goes to help farmers diversify their operations.

Instead, opponents floated a plan to designate a chunk of money from a 31-cent increase in the cigarette tax, which Fletcher proposed Tuesday as part of his tax plan.

Republican Senate Floor Leader Dan Kelly, of Springfield, said the Senate hasn't chosen its preferred solution, but also has reservations about tapping the Ag Board's bank account.

Read more about this story in Thursday's Herald-Leader.



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